

**MARSHAL'S OFFICE – CITY COURT OF HAMMOND  
HAMMOND, LOUISIANA**

**ANNUAL FINANCIAL STATEMENTS**

**AS OF AND FOR THE YEAR ENDED JUNE 30, 2009**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/23/09



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
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# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
HAMMOND, LA

John N. Durnin, CPA  
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Member  
American Institute of CPAs  
Society of Louisiana CPAs

December 3, 2009

## Independent Auditor's Report

The Honorable V. Gordon Anderson, Jr.  
Marshal, City Court of Hammond  
Hammond, Louisiana

We have audited the accompanying financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of the Marshal's Office – City Court of Hammond, a component unit of the City of Hammond, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the Marshal's Office – City Court of Hammond's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Marshal's Office – City Court of Hammond's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the general fund, and the aggregate remaining fund information of the Marshal's Office – City Court of Hammond as of June 30, 2009, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2009, on our consideration of the Marshal's Office – City Court of Hammond's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and is important for assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 8 and the budgetary comparison schedule identified as Schedule 1 are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

*Durnin & James, CPAs*

Durnin & James, CPAs  
(A Professional Corporation)



## **Management's Discussion and Analysis**



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2009

**Introduction**

As management of the Marshal's Office – City Court of Hammond (the "Marshal's Office"), we offer readers of the Marshal's Office financial statements this narrative overview and analysis of the financial activities of the Marshal's Office for the fiscal year ended June 30, 2009. This management discussion and analysis ("MD&A") is designed to provide an objective and easy to read analysis of the Marshal's Office financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of the Marshal's Office finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the Marshal's Office based on information presented in the financial report and fiscal policies that have been adopted by the Marshal's Office. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Marshal's Office financial activity, identify changes in the Marshal's Office financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

As with other sections of this financial report, the information contained within this MD&A should be considered only a part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information that is provided in addition to this Management's Discussion and Analysis.

**Financial Highlights**

- At June 30, 2009, the Marshal's Office net assets are \$175,416. Of this amount, \$127,119 (unrestricted net assets) may be used to meet the Marshal's Office ongoing obligations. This amount decreased by \$99,623, or 43.94% from the prior year.
- Total revenues for the Marshal's Office decreased by \$38,721, or 4.69%, from the 2007-2008 fiscal year.
- For the year ended June 30, 2009, total expenses for the Marshal's Office increased by \$43,638, or 5.17%, from the prior year.

**Government-Wide Financial Statements**

Government-wide financial statements are designed by GASB Statement No. 34 to change the way in which government financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the Marshal's Office financial position and results of operations in a manner similar to a private-sector business.

- A. The *statement of net assets* presents information on all of the Marshal's Office assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Marshal's Office is improving or weakening.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended June 30, 2009**

- B. The *statement of activities* presents information showing how the Marshal's Office net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

**Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The following table provides a summary of the Marshal's Office net assets for the current year as compared to the prior year. For a more detailed analysis, see the Statement of Net Assets on Exhibit A of the report.

	Governmental Activities			
	2009	2008	\$ Change	% Change
<b>Assets:</b>				
Current and Other Assets	\$ 174,180	\$ 287,199	\$ (113,019)	-39.35%
Prepaid Insurance	12,134	20,427	(8,293)	-40.60%
Capital Assets	79,584	44,649	34,935	78.24%
Total Assets	<u>\$ 265,898</u>	<u>\$ 352,275</u>	<u>\$ (86,377)</u>	-24.52%
<b>Liabilities:</b>				
Current Liabilities	\$ 39,063	\$ 79,622	\$ (40,559)	-50.94%
Non-Current Liabilities	51,419	10,425	40,994	393.23%
Total Liabilities	<u>\$ 90,482</u>	<u>\$ 90,047</u>	<u>\$ 435</u>	0.48%
<b>Net Assets:</b>				
Invested in Capital Assets	\$ 48,297	\$ 35,486	\$ 12,811	36.10%
Unrestricted	127,119	226,742	(99,623)	-43.94%
Total Net Assets	<u>\$ 175,416</u>	<u>\$ 262,228</u>	<u>\$ (86,812)</u>	-33.11%

The Marshal's Office assets exceeded its liabilities at the close of the most recent fiscal year by \$175,416 (net assets). Of this amount, \$127,119 is unrestricted net assets.

A portion of the Marshal's Office net assets (27.53 percent) reflects its investment in capital assets (e.g., equipment, vehicles, furniture, etc.) less any related debt used to acquire those assets that is still outstanding. The Marshal's Office uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. The remaining balance of unrestricted net assets (\$127,119) may be used to meet the Marshal's Office ongoing obligations to citizens and creditors. At the end of the current fiscal year, the Marshal's Office is able to report positive balances in both categories of net assets. The same situation held true for the prior fiscal year.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2009

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the Marshal's Office operating activities as compared to the prior year. An analysis of the primary sources of these changes follows the table. For a more detailed analysis, see the Statement of Activities on Exhibit B of this report.

	Governmental Activities			
	2009	2008	\$ Change	% Change
Revenues:				
Program Revenues:				
Charges for Services	\$ 228,237	\$ 278,524	\$ (50,287)	-18.05%
General Revenues:				
Contribution - City of Hammond	431,000	431,000	-	0.00%
Other	127,717	116,151	11,566	9.96%
Total Revenues	<u>786,954</u>	<u>825,675</u>	<u>(38,721)</u>	-4.69%
Expenses:				
Salaries and Related Benefits	696,859	636,822	60,037	9.43%
Operating and Other Charges	164,737	192,574	(27,837)	-14.46%
Interest on Debt Service	414	821	(407)	-49.57%
Depreciation	24,973	13,128	11,845	90.23%
Total Expenses	<u>886,983</u>	<u>843,345</u>	<u>43,638</u>	5.17%
Change in Net Assets	(100,029)	(17,670)	(82,359)	466.10%
Net Assets, Beginning of Year	262,228	279,898	(17,670)	-6.31%
Prior Period Adjustment	13,217	-	13,217	-
Net Assets, Beginning of Year - Restated	<u>275,445</u>	<u>279,898</u>	<u>(4,453)</u>	-1.59%
Net Assets, End of Year	<u>\$ 175,416</u>	<u>\$ 262,228</u>	<u>\$ (86,812)</u>	-33.11%

For the year ended June 30, 2009, revenues from charges for services decreased by \$50,287 or 18.05% from the prior year. This is attributable to a decrease in traffic tickets.

Contributions from the City of Hammond for the current year did not change from the prior year amount.

Other revenues increased by \$11,566 or 9.96% from the prior year. Most of this is attributable to the salary step increase for full time Deputy Marshal Clarence Cloy, and all related benefits that are attributable to the Marshal's Office from Tangipahoa Parish Government.

Salaries and related benefits during the current year increased by \$60,037, or 9.43%, over the amount from last year. This is attributable to the hiring of a part-time security deputy July 2008 making \$17 per hour. In addition, employees that have reached their maximum on the pay scale were given a 3% raise and the new employees were given a 5% pay increase in July. In October, the Marshal gave pay increases to three senior deputy marshals and increased the Juvenile Deputy Marshal's pay to reflect prior years of service. All related salary expenses increased due to the new employee and pay increases.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2009

Operating and other charges during the current year decreased by \$27,837, or 14.46%, from the prior year amount. The majority of this is due to a decrease in the premium for automobile insurance and a decrease in legal fees this fiscal year.

### **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Marshal's Office, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Marshal's Office can be divided into two categories: *governmental funds* and *fiduciary funds*.

#### *Governmental Funds*

Governmental funds are used to account for most of the Marshal's Office basic services as reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Marshal's Office general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Marshal's Office programs.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. These reconciliations are located on Exhibits A and B.

The Marshal's Office maintains only one governmental fund, the General Fund. Information is presented on the General Fund on Exhibits C, D, E, & F of this report.

As of the end of the current fiscal year, the Marshal's Office General Fund reported an ending fund balance of \$147,133. The Marshal's Office has followed the recommendation from its auditors to retain a reasonable surplus in the General Fund for unforeseen future emergencies such as natural disasters, decrease in economic conditions, emergency capital outlay requirements, and other similar conditions.

#### *Fiduciary Funds*

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Marshal's Office's other programs. The basis of accounting used for fiduciary funds is the modified accrual basis of accounting. The Marshal's Office only fiduciary fund is the Civil Agency Fund. The basic fiduciary fund financial statements can be found on Exhibits G and H of this report.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2009

**Notes to the Financial Statements**

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are found on pages indicated in the table of contents.

**Other Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found beginning on Schedule 1.

A. Budgetary Comparison Schedule – The Marshal's Office adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget, beginning on Schedule 1.

B. Analysis of Significant Budget Variances in the General Fund:

1. Revenues:

- a. Revenues from criminal court costs decreased by \$13,863 over the amount originally budgeted. This is due to a decrease in the number of traffic tickets issued during the current fiscal year.
- b. On-behalf payments by the state increased by \$1,700 over the amount originally budgeted. This is due to the Juvenile Deputy completing the re-certification program for post and therefore received a lump amount of Supplemental Pay that was due.
- c. Revenues from other sources increased by \$29,391. This is attributable to the pay increases and increases in salary related expense received from Tangipahoa Parish Government.

2. Expenditures:

- a. Salaries and related benefits were more than originally budgeted by \$91,818. This was due to a budgeting error and failure to adjust budget with new hires, pay step increases and related salary expense increases.
- b. Other costs that were in excess of the original budgeted amount for the fiscal year were capital outlay (\$44,108). This was due to the purchase of a new vehicle for the Marshal and various other office equipment purchases.

**Capital Assets**

The Marshal's Office investment in capital assets for its governmental activities as of June 30, 2009 amounts to \$79,584 (net of accumulated depreciation). This investment in capital assets includes equipment, furniture, and fixtures. The total \$34,935 net increase in the Marshal's Office investment in capital assets for the current fiscal year includes purchases of software for \$29,875, as well as an automobile for \$29,391 and recording \$24,973 of depreciation. Additional information on the Marshal's Office capital assets can be found in Note 4 of this report.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Management's Discussion and Analysis (Continued)  
For the Year Ended June 30, 2009

**Economic Factors and Next Year's Budget and Rates**

For fiscal year ending June 30, 2010, the budgeted revenue from the City of Hammond will be \$467,190. The Tangipahoa Parish Council reimbursement for deputy expenses is budgeted to increase for the 2009-2010 fiscal year, due to funds being sent to the Marshal's Office for disbursement.

By the end of the June 30, 2009 fiscal year, the unreserved fund balance in the General Fund was \$127,119. There is no surplus or deficit budgeted for the fiscal year ending June 30, 2010.

**Requests for Information**

This financial report is designed to provide a general overview of the Marshal's Office finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Marlene Hinshaw, Deputy Marshal / Marshal's Office, 303 East Thomas Street, Hammond, Louisiana, 70401.



## **Financial Statements**



**Marshal's Office -- City Court of Hammond**  
**Hammond, Louisiana**  
**Statement of Net Assets**  
**June 30, 2009**

Exhibit A

	<u>General Fund</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 149,890
Accrued Interest Receivable	787
Due from Other Governments	23,503
Prepaid Insurance	12,134
Capital Assets, Net of Accumulated Depreciation (Note 5)	<u>79,584</u>
Total Assets	<u>\$ 265,898</u>
<b>Liabilities</b>	
Accounts Payable	\$ 4,203
Salaries and Benefits Payable	22,844
Capital Leases Payable	12,016
Non-Current Liabilities:	
Accrued Compensated Absences:	
Due Within One Year	23,821
Due in More Than One Year	8,327
Capital Leases Payable	<u>19,271</u>
Total Liabilities	<u>\$ 90,482</u>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	\$ 48,297
Unrestricted	<u>127,119</u>
Total Net Assets	<u>\$ 175,416</u>

The accompanying notes are an integral part of this statement.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
**Statement of Activities**  
**For the Year Ended June 30, 2009**

**Exhibit B**

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Change in Net Assets Net (Expense) Revenue</u>
<b>Governmental Activities:</b>			
General Government	\$ 861,596	\$ 228,237	\$ (633,359)
Interest on Debt Service	414	-	(414)
Depreciation Expense	<u>24,973</u>	<u>-</u>	<u>(24,973)</u>
Total Expenses	886,983	228,237	(658,746)
<b>General Revenues:</b>			
City of Hammond Appropriations			431,000
Intergovernmental Revenues			83,646
On Behalf Payments From State			42,500
Interest Earned			<u>1,571</u>
Total General Revenues			<u>558,717</u>
Change in Net Assets			(100,029)
<b>Net Assets:</b>			
Beginning of the Year - Originally Stated			262,228
Prior Period Adjustment			<u>13,217</u>
Beginning of the Year - Restated			<u>275,445</u>
End of the Year			<u>\$ 175,416</u>

The accompanying notes are an integral part of this statement.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
**Governmental Fund Balance Sheet**  
**June 30, 2009**

Exhibit C

	<u>General Fund</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 149,890
Accrued Interest Receivable	787
Due from Other Governments	<u>23,503</u>
Total Assets	<u>\$ 174,180</u>
<b>Liabilities and Fund Balance</b>	
Liabilities:	
Accounts Payable	\$ 4,203
Salaries and Benefits Payable	<u>22,844</u>
Total Liabilities	27,047
Fund Balance:	
Unrestricted, Undesignated	<u>147,133</u>
Total Fund Balance	<u>147,133</u>
Total Liabilities and Fund Balance	<u>\$ 174,180</u>

The accompanying notes are an integral part of this statement.



**Marshal's Office – City Court of Hammond  
Hammond, Louisiana**

Exhibit D

Reconciliation of the Governmental Fund Balance Sheet to the  
Government-Wide Statement of Net Assets  
For the Year Ended June 30, 2009

<b>Total Fund Balances, Governmental Funds (Exhibit C)</b>	<b>\$</b>	<b>147,133</b>
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Governmental Capital Assets, Net of Depreciation		79,584
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Prepaid insurance is not accrued and is therefore not reported in the governmental funds.

Prepaid Insurance		12,134
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Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds:

Capital Lease Obligations - Short-Term		(12,016)
Capital Lease Obligations - Long-Term		(19,271)
Accrued Compensated Absences - Short-Term		(23,821)
Accrued Compensated Absences - Long-Term		(8,327)
		<hr/>

<b>Net Assets of Governmental Activities (Exhibit A)</b>	<b>\$</b>	<b><u>175,416</u></b>
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The accompanying notes are an integral part of this statement.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Statement of Governmental Fund Revenues, Expenditures, and  
Changes in Fund Balance  
For the Year Ended June 30, 2009

Exhibit E

	<u>General Fund</u>
<b>Revenues:</b>	
Criminal Court Fees	\$ 228,237
City of Hammond Appropriations	431,000
Intergovernmental	83,646
On Behalf Payments by State	42,500
Interest Earned	<u>1,571</u>
Total Revenues	786,954
<b>Expenditures:</b>	
General Government:	
Salaries & Related Benefits:	
Marshal	39,176
Deputies	465,817
Payroll Taxes	49,275
Retirement Contributions	64,355
Hospitalization Insurance	61,295
Automobile	43,148
Computer Maintenance	3,002
Insurance	64,107
Office Supplies and Telephone	22,823
Legal and Accounting	19,946
Other Expenditures	11,711
Capital Outlay	59,908
Debt Service	<u>7,681</u>
Total Expenditures	<u>912,244</u>
Excess (Deficiency) of Revenues over Expenditures	(125,290)
Other Financing Sources (Uses):	
Proceeds from Capital Lease	<u>29,391</u>
Total Other Financing (Uses)	<u>29,391</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other (Uses)	(95,899)
<b>Fund Balance:</b>	
Beginning of the Year - Originally Stated	229,815
Prior Period Adjustment	<u>13,217</u>
Beginning of the Year - Restated	<u>243,032</u>
End of the Year	<u>\$ 147,133</u>

The accompanying notes are an integral part of this statement.



**Marshal's Office – City Court of Hammond  
Hammond, Louisiana**

Exhibit F

Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and  
Changes in Fund Balance to the Government-Wide Statement of Activities  
For the Year Ended June 30, 2009

<b>Net Change in Fund Balances, Governmental Funds (Exhibit E)</b>	<b>\$</b>	<b>(95,899)</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital Outlay		59,908
Depreciation Expense		(24,973)

Governmental funds expense insurance payments when paid. In the statement of activities, only the portion applicable to the current year is expensed. The remaining is recorded in the statement of net assets as prepaid insurance.

Prior Year Prepaid Insurance		(20,427)
Current Year Prepaid Insurance		12,134

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds because:

Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments:

Proceeds		(29,391)
Repayments		7,267

Annual changes in accrued compensated absences are not recorded in the governmental funds. In the statement of activities, these changes are recorded against current year payroll expenses.

Change in Accrued Compensated Absences		<u>(8,648)</u>
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<b>Change in Net Assets of Governmental Activities (Exhibit B)</b>	<b>\$</b>	<b><u>(100,029)</u></b>
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*The accompanying notes are an integral part of this statement.*



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Statement of Fiduciary Net Assets  
June 30, 2009

Exhibit G

	<u>Civil Agency Fund</u>
<b>Assets</b>	
Cash on Hand and in Banks	\$ 6,594
Total Assets	<u>\$ 6,594</u>
<b>Liabilities</b>	
Due To Others	\$ 6,594
Total Liabilities	<u>\$ 6,594</u>
<b>Net Assets</b>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
**Statement of Changes in Fiduciary Net Assets**  
**For the Year Ended June 30, 2009**

Exhibit H

	<u>Civil Agency Fund</u>
<b>Additions:</b>	
Marshal's Fees	\$ 5,016
Garnishment Payments	359,558
Marshal's Deposit	79,025
Other Additions	<u>29,331</u>
Total Additions	472,930
<b>Deductions:</b>	
Advertisement	561
Appraisals	660
Garnishment Reimbursements	351,581
Payments to Marshal	108,373
Record & File	-
Reimbursement Checks	6,348
Service of Papers	3,454
Storage Fees	1,176
Wrecker Service	-
Other Deductions	<u>777</u>
Total Deductions	<u>472,930</u>
 Change in Net Assets	 -
 Net Assets - Beginning of the Year	 <u>-</u>
Net Assets - End of the Year	<u>\$ -</u>

The accompanying notes are an integral part of this statement.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements  
For the Year Ended June 30, 2009

**Introduction**

The Marshal's Office – City Court of Hammond (hereinafter referred to as the "Marshal's Office") is separate and apart from the City Court of Hammond and was created under the authority of LSA-R.S. 13:1871-2512. The purpose of the Marshal's Office is to execute the orders and mandates of the City Court of Hammond, to include making arrests, preserving the peace, processing judgments and garnishments, and similar functions. The Marshal's Office has jurisdiction within the Seventh Ward of Tangipahoa Parish. The Marshal's Office presently employs fifteen people to include the Marshal, three clerical Deputy Marshals, eight road Deputy Marshals, and one Juvenile Officer. The Marshal's Office presently maintains an office in the Hammond City Hall building. Revenues for the Marshal's Office include court costs assessed on all criminal cases handled by the City Court of Hammond and appropriations from the City of Hammond. Revenues are used in defraying the costs of operating the Marshal's Office. Major expenditures of the Marshal's Office include salaries and related benefits, automobile expenditures, insurance, and general office expenditures.

**1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The accompanying financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; and Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, as of July 1, 2001.

**B. Financial Reporting Entity**

The Marshal is an independently elected official; however, the Marshal's Office is fiscally dependent on the City of Hammond. The City of Hammond maintains and operates the building in which the Marshal's Office is located and provides funds for salaries, equipment, and expenditures of the office. Because the Marshal's Office is fiscally dependent on the City of Hammond, the Marshal's Office was determined to be a component unit of the City of Hammond, the financial reporting entity.

The accompanying financial statements present information only on the funds maintained by the Marshal's Office and do not present information on the City of Hammond, the general governmental services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

**C. Fund Accounting**

The Marshal's Office uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain Marshal Office functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2009

*Governmental Funds*

Governmental funds account for all of the general activities of the Marshal's Office. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the Marshal's Office. The following is the governmental fund of the office:

General Fund – This fund is the general operating fund of the Marshal's Office and accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose, provided it is expended or transferred in accordance with state and federal laws and according to Marshal's Office policy.

*Fiduciary Funds*

Fiduciary funds reporting focuses on net assets and changes in net assets. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Consequently, these funds have no measurement focus, but use the modified accrual basis of accounting. The following is the fiduciary fund of the Marshal's Office:

Civil Agency Fund – This fund is used to account for assets held by the Marshal's Office as an agent for individuals or private organizations.

**D. Measurement Focus / Basis of Accounting**

*Basic Financial Statements – Government-Wide Financial Statements*

The statement of net assets and the statement of activities display information about the Marshal's Office as a whole. These statements include all the non-fiduciary activities of the Marshal's Office with most of the interfund activities removed. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

The Marshal's Office does not allocate indirect expenses.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2009

*Basic Financial Statements – Governmental Funds*

The amounts reflected in the Marshal's Office are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of the operations of the Marshal's Office.

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Marshal's Office considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Criminal Court fees, appropriations from the City of Hammond, and interest revenue are recorded when due. Substantially all other revenues are recorded when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation – Explanation of differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

E. Budgets

The Marshal's Office did not follow the provisions of LSA-R.S. 39:1301-15 in preparing and adopting a budget for the year ended June 30, 2009. The original budget was advertised and a public hearing was held as required by law. However, the Marshal's Office did not comply with the requirements of state law which requires the public hearing to be held and the budget adopted prior to the beginning of the fiscal year. The public hearing and budget adoption were held in December 2008.

F. Cash, Cash Equivalents, and Investments

The Marshal's Office's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Under state law, the Marshal's Office may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, the Marshal's Office may invest in United States bonds, treasury notes,



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2009

or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

Investments for the Marshal's Office are reported at cost. See Note 2 regarding cash, cash equivalents, and investments for further information.

**G. Inventory**

Inventories for supplies are immaterial and are recorded as expenditures / expenses when purchased.

**H. Prepaid Items**

The Marshal's Office recognizes expenditures for insurance and similar services extending over more than one accounting period when paid.

**I. Capital Assets**

Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimations should be disclosed) if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Marshal's Office maintains a threshold level of \$100 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture & Equipment	5 Years
Radios	10 Years
Software	5 Years
Vehicles	5 Years

**J. Compensated Absences**

All full-time employees of the Marshal's Office who are paid on a salary basis and work a regular full-time workweek earn sick leave and annual leave. Employees with less than one year of service earn five days of sick leave. Employees with one year or more of service earn twelve days of sick leave each year. Employees may accumulate all unused sick leave but the employee's right to unused sick leave benefits does not vest. Therefore, the Marshal's Office recognizes an expenditure for sick leave benefits when payments are made to employees.

Employees earn from one to four weeks of annual leave each year depending on length of service. Employees are required to take a minimum of one week of vacation during each year. However, an employee may accumulate up to one week of annual leave each year up to a maximum of thirty days. All days accumulated in excess of thirty days are lost. The employee's rights to annual leave vests with a maximum of thirty days unused annual leave payable upon termination.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2009

The cost of current leave privileges, computed in accordance with GASB Statement No. 16, is recognized as a current-year expenditure in the General Fund when leave actually accrues.

**K. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**L. Restricted Net Assets**

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the Marshal's Office policy to use restricted resources first, then unrestricted resources as they are needed.

**M. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make various estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

**2. Cash and Cash Equivalents**

As reflected on Exhibit A, the Marshal's Office has cash and cash equivalents totaling \$149,890 at June 30, 2009. Total cash from fiduciary responsibilities not reported on the government-wide financial statements was \$6,594.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.



**Marshal's Office – City Court of Hammond,  
Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2009

The following is a summary of cash investments (bank balances) at June 30, 2009, with the related federal deposit insurance and pledged securities:

Bank Balances:	
Insured (FDIC Insurance)	\$ 211,337
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the Marshal's Office's name	-
Uninsured and Uncollateralized	-
Total Deposits	<u>\$ 211,337</u>

Even though the pledged securities are not held in the entity's name, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the Marshal's Office that the fiscal agent has failed to pay deposited funds upon demand.

As of June 30, 2009, the Marshal's Office did comply with state law, which requires any uninsured cash balances with the fiscal agent bank to be adequately collateralized by a pledge of securities.

**3. Due from Other Governmental Units**

Amounts due from other governmental units at June 30, 2009 consisted of the following:

Criminal Court Fees Due From:	
Hammond City Court	\$ 16,611
Reimbursement of Courtroom Security From:	
Tangipahoa Parish Council	<u>6,892</u>
	<u>\$ 23,503</u>

No allowance for uncollectible accounts is required at June 30, 2009.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2009

**4. Capital Assets**

A summary of changes in capital assets for the year ended June 30, 2009 is as follows:

Governmental Activities	Balance July 1, 2008	Additions	Deductions	Balance June 30, 2009
Office Equipment	\$ 103,720	\$ 642	\$ -	\$ 104,362
Software	8,750	29,875	-	38,625
Automobiles	35,946	29,391	-	65,337
Total	148,416	59,908	-	208,324
Accumulated Depreciation:				
Office Equipment	79,789	6,281	-	86,070
Software	8,750	5,975	-	14,725
Automobiles	15,228	12,717	-	27,945
Total	103,767	24,973	-	128,740
Capital Assets, Net	<u>\$ 44,649</u>	<u>\$ 34,935</u>	<u>\$ -</u>	<u>\$ 79,584</u>

**5. Accounts, Salaries, and Other Payables**

Accounts payable at June 30, 2009 consisted of the following:

Payroll and Related Liabilities	\$ 22,844
Accounts Payable	4,203
Total	<u>\$ 27,047</u>

**6. Employees Pension Plan (Municipal Employees' Retirement System)**

The Marshal's Office provides pension benefits for all of its full-time employees through a joint contributory, Municipal Employees' Retirement System of Louisiana (the "System"). The System is the administrator of a cost-sharing, multiple-employer plan.

The Municipal Employees' Retirement System of Louisiana (the "System") was established by Act #356 of the 1954 regular session of the Legislature of the State of Louisiana, to provide retirement benefits to employees of all incorporated villages, towns, and cities within the state, which did not have their own retirement system and which elected to become members of the System.

The System is administered by a Board of Trustees composed of nine members, six of whom shall be active and contributing members of the System with at least ten years creditable service, elected by the members of the System; one of whom shall be the president of the Louisiana Municipal Association who shall serve as an ex-officio member during his tenure; one of whom shall be the Chairman of the Senate Retirement Committee; and one of whom shall be the Chairman of the House Retirement Committee of the Legislature of Louisiana.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2009

Act #569 of the year 1968 established by the Legislature of the State of Louisiana provides an optional method for municipalities to cancel Social Security and come under supplementary benefits in the Municipal Employees' Retirement System, effective on and after June 30, 1970.

Effective October 1, 1978, under Act #788, the "regular plan," and the "supplemental plan" were replaced, and are now known as Plan "A" and Plan "B." Plan A combines the original plan and the supplemental plan for those municipalities participating in both plans, while Plan B participates in only the original plan. The Marshal's Office is a member of Plan A.

Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least thirty-five hours per week. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the System with exceptions as outlined in the statutes.

Any member of Plan A can retire providing he meets one of the following criteria:

- A. Any age with twenty-five (25) or more years of creditable service.
- B. Age 60 with a minimum of ten (10) years of creditable service.
- C. Under age 60 with five (5) years of creditable service eligible for disability benefits.
- D. Survivor's benefits require five (5) years creditable service at death of member.
- E. Any age with 20 years of creditable service, exclusive of military service with an actuarially reduced early benefit.

Generally, the monthly amount of the retirement allowance for any member of Plan A shall consist of an amount equal to three percent of the member's monthly average final compensation multiplied by his years of creditable service. However, under certain conditions as outlined in the statutes, the benefits are limited to specified amounts.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809.

Contributions for all members are established by statute at 9.25% of earnable compensation. According to state statute, contributions for all employers are actuarially determined each year. For the year ended June 30, 2009, the contribution rate was 13.5% of member's earnings.

The Marshal's Office's total payroll in the fiscal year ended June 30, 2009, was \$549,559 and the Marshal's Office's contributions were based on a payroll of \$476,704. Both the Marshal's Office and the covered employees made the required contributions, amounting to \$108,450.

**Trend Information** – Contributions required by state statute:

<u>June 30</u>	<u>Required Contribution</u>	<u>Percentage Contribution</u>
2007	\$ 92,142	100%
2008	\$ 103,318	100%
2009	\$ 108,450	100%



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2009

All employees of the Marshal's Office are also members of the Social Security System. Employees contribute 6.2% of their covered payroll up to statutory limits. For the year ended June 30, 2009, contributions totaled \$32,299.

**7. On-Behalf Payments Made by the State of Louisiana**

For the year ended June 30, 2009, the State of Louisiana made on-behalf payments in the form of supplemental pay to the Marshal and deputies. In accordance with GASB 24, the Marshal's Office has recorded \$42,500 of on behalf payments as revenue and as expenses in the General Fund.

**8. Deferred Compensation Plan**

The Marshal's Office offers its employees The Delaware Management Company, Inc. Section 457, Deferred Compensation Plan, a deferred compensation plan created in accordance with Internal Revenue Code Section 457, as revised June 1, 2000. The plan, available to all Marshal's Office employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights shall be held for the exclusive benefit of participants and their beneficiaries.

At June 30, 2009, \$23,000 was applicable to employees of the Marshal's Office.

**9. Changes in Long-Term Debt**

The following is a summary of debt transactions for the Marshal's Office for the year ended June 30, 2009:

Type of Debt	Balance at July 1, 2008	Leases or Bonds Issued	Redemptions	Balance at June 30, 2009
Capital Lease Obligations	\$ 9,163	\$ 29,391	\$ 7,267	\$ 31,287

*Capital Lease Obligation:*

\$18,544.00 Capital Lease Obligation payable to GMAC Financial Services dated 01/05/07, Due in 36 monthly installments of \$566.08; with interest at 6.60% (Payable from the excess revenues of the General Fund) \$ 2,784

\$29,391.00 Capital Lease Obligation payable to Ford Motor Credit Company dated 06/05/09, Due in 36 monthly installments of \$887.81; with interest at 5.85% (Payable from the excess revenues of the General Fund) \$ 28,503

The annual requirements to amortize all debt outstanding at June 30, 2009, including interest payments of \$2,616 are as follows:



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
Notes to the Financial Statements (Continued)  
For the Year Ended June 30, 2009

<u>Year Ended June 30,</u>	<u>Capital Lease Obligation</u>	<u>Capital Lease Obligation</u>	<u>Totals</u>
2010	\$ 2,830	\$ 10,654	\$ 13,484
2011	-	10,654	10,654
2012	-	9,765	9,765
	2,830	31,073	33,903
Interest Portion	(46)	(2,570)	(2,616)
	<u>\$ 2,784</u>	<u>\$ 28,503</u>	<u>\$ 31,287</u>

**10. Restated Fund Balance**

The following beginning fund balances have been restated to reflect the retroactive recording of prior period adjustments to the June 30, 2008, balances:

	<u>General Fund</u>
Fund Balance at June 30, 2008	\$ 229,815
Prior Year Reclassification of Capital Outlay	14,688
Prior Year Accrual of Accounts Payable	(1,471)
Fund Balances at June 30, 2008, as Restated	<u>\$ 243,032</u>



## **Required Supplemental Information (Part II)**



**Marshal's Office – City Court of Hammond  
Hammond, Louisiana**

Schedule I

Schedule of Revenues, Expenditures, and Changes in Fund Balance –  
Budget (GAAP Basis) and Actual – General Fund  
For the Year Ended June 30, 2009

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>Revenues:</b>				
Criminal Court Fees	\$ 291,150	\$ 242,100	\$ 228,237	\$ (13,863)
City of Hammond Appropriations	490,000	431,000	431,000	-
Intergovernmental	41,500	84,000	83,646	(354)
On Behalf Payments by State	40,800	40,800	42,500	1,700
Interest Earned	1,500	1,500	1,571	71
<b>Total Revenues</b>	<b>864,950</b>	<b>799,400</b>	<b>786,954</b>	<b>(12,446)</b>
<b>Expenditures:</b>				
General Government:				
Salaries & Related Benefits:				
Marshal	40,000	39,300	39,176	124
Deputies	430,500	386,800	465,817	(79,017)
Payroll Taxes	57,900	47,000	49,275	(2,275)
Retirement Contributions	64,000	61,000	64,355	(3,355)
Hospitalization Insurance	61,500	54,000	61,295	(7,295)
Automobile	44,500	43,600	43,148	452
Computer Maintenance	2,000	2,300	3,002	(702)
Insurance	69,450	75,400	64,107	11,293
Office Supplies and Telephone	23,300	21,500	22,823	(1,323)
Legal and Accounting	28,500	32,300	19,946	12,354
Other Expenditures	14,300	13,400	11,711	1,689
Capital Outlay	22,000	15,800	59,908	(44,108)
Debt Service	7,000	7,000	7,681	(681)
<b>Total Expenditures</b>	<b>864,950</b>	<b>799,400</b>	<b>912,244</b>	<b>(112,844)</b>
Excess (Deficiency) of Revenues over Expenditures	-	-	(125,290)	(125,290)
Other Financing Sources (Uses):				
Proceeds from Capital Lease	-	-	29,391	29,391
Total Other Financing (Uses)	-	-	29,391	29,391
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other (Uses)	-	-	(95,899)	(95,899)
<b>Fund Balance:</b>				
Beginning of the Year - Originally Stated	-	-	229,815	229,815
Prior Period Adjustment	-	-	13,217	13,217
Beginning of the Year - Restated	-	-	243,032	243,032
End of the Year	\$ -	\$ -	\$ 147,133	\$ 147,133

See auditor's report



**Other Independent Auditor's Reports  
And Findings and Recommendations**



# Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
HAMMOND, LA

John N. Durnin, CPA  
Dennis E. James, CPA  
Lyle E. Lambert, CPA

Member  
American Institute of CPAs  
Society of Louisiana CPAs

December 3, 2009

Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards*

The Honorable V. Gordon Anderson, Jr.  
Marshal, City Court of Hammond  
Hammond, Louisiana

We have audited the financial statements of the governmental activities, the general fund, and the aggregate remaining fund information of the Marshal's Office – City Court of Hammond, a component unit of the City of Hammond, Louisiana, as of and for the year ended June 30, 2009, which collectively comprise the Marshal's Office – City Court of Hammond's basic financial statements, and have issued our report thereon dated December 3, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Marshal's Office – City Court of Hammond's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Marshal's Office – City Court of Hammond's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Marshal's Office – City Court of Hammond's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Marshal's Office – City Court of Hammond's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Marshal's Office – City Court of Hammond's financial statements that is more than inconsequential will not be prevented or detected by the Marshal's Office – City Court of Hammond's internal control. We consider the deficiency described in the accompanying schedule of findings, recommendations and responses identified as item 09-01 to be a significant deficiency in internal control over financial reporting.



Marshal's Office, City Court of Hammond  
Hammond, Louisiana

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Marshal's Office – City Court of Hammond's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Marshal's Office – City Court of Hammond's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings, recommendations and responses as item 09-02.

The Marshal's Office – City Court of Hammond's response to the findings identified in our audit is described in the accompanying schedule of findings, recommendations and responses. We did not audit the Marshal's Office – City Court of Hammond's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

*Durnin & James, CPAs*

Durnin & James, CPAs  
(A Professional Corporation)



**Marshal's Office – City Court of Hammond  
Hammond, Louisiana**  
Schedule of Current Year Audit Findings, Recommendations, and Responses  
For the Year Ended June 30, 2009

**Internal Control over Financial Reporting**

**09-01 – Payment of Accrued, Unused Annual Leave**

**Condition:** During our audit and review of payroll procedures, we found that a payment for \$2,525.60 was made to an employee of the Marshal's Office for accrued, unused annual leave. According to the Marshal's Office's Employee Policy and Procedure Manual, there is no provision that provides for the payment in lieu of paid time off for any accrued, unused annual leave. However, the Employee Policy and Procedure Manual does state that "... the Marshal reserves the right at all times to make individual decisions that he feels are in the best interest of the Agency." Payment of accrued, unused annual leave to an employee in the absence of a legal requirement to do so could be deemed a gift or bonus that is prohibited under Article 7, Section 14 of the Louisiana Constitution. Furthermore, we noted several procedures related to payroll processing that we believe should be improved to provide adequate internal controls over payroll processing.

**Recommendation:** We recommend the Marshal's Office implement the following recommendations to improve existing controls over payroll processing:

- Change the existing Employee Policy and Procedure Manual to clarify this issue regarding the payment of accrued, unused annual leave to employees.
- Develop a current written salary history form for each employee to be approved by the Marshal and maintained permanently in each employee's personnel file.
- Develop a standardized form to document any salary adjustments for employees that requires the employee, the Deputy Marshal, and Marshal to sign approving the salary adjustment. A copy of the signed form should be given to the employee with the original remaining in the personnel file.
- Develop a daily time and attendance log documenting the work schedule of each employee to be signed by the employee, the employee's supervisor, and the Deputy Marshal verifying the actual hours work.
- Develop a leave request form to document each employee's request for leave that requires the employee and the Marshal to sign documenting the approval for leave time.
- Develop a payroll leave summary form to be approved by the Marshal documenting to the deputy marshal his approval for all paid leave.
- Require that authorized check signers review the detailed payroll register and approved leave summaries at the time the payroll checks are signed verifying that gross pay and all paid leave have been properly approved.

**Management's Response:** The Marshal's Office has taken the recommendations of the auditors and in fact has implemented resolutions of the findings and or conditions as of July 1, 2009.

- In regards to payment of accrued and unused annual leave, the Policy and Procedure Manual will be amended to clearly state that accrued and unused leave will not be paid under any circumstances.
- Salary increase and adjustment sheets are currently being used showing the employees previous salary, the increase, percentage, or adjustment, and the new salary. It requires signatures from the Marshal, Fiscal Deputy, and the employee.
- A salary history form will be derived and placed in the personnel file permanently and signed by the Marshal when changes occur.
- The office personnel currently use sign in-sheets for attendance. The office will derive a mandatory procedure for the Deputies to report in and out, maybe by radio use.
- We currently have a leave request form that documents each employee's request for leave that is signed by the employee and the Marshal.



**Marshal's Office – City Court of Hammond**  
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Schedule of Current Year Audit Findings, Recommendations, and Responses  
For the Year Ended June 30, 2009

- A detailed payroll form showing salary and approved leave will be given to check signers to verify gross pay and all paid leave that was approved by the Marshal.

**Compliance and Other Matters**

**09-02 – Compliance with Local Government Budget Act**

**Finding:** The Marshal's Office did not comply with provisions of the Local Government Budget Act. The ways in which the Marshal's Office did not comply are as follows:

- The budget for the year ended June 30, 2009, was not adopted timely. Louisiana R.S. 39:1309 states that *"all action necessary to adopt and otherwise finalize and implement the budget for a fiscal year shall be taken in open meeting and completed before the end of the prior fiscal year."* The budget for the year ended June 30, 2009 was not published until November 21, 2008. The public hearing and subsequent adoption of the budget did not take place until December 5, 2008.
- The budget for the year ended June 30, 2009 was not amended properly, in accordance with the Local Government Budget Act. Louisiana R.S. 39:1311 states that the budget shall be amended when total expenditures *"exceed the total budgeted expenditures and other uses by five percent or more."* Actual expenditures for the year ended June 30, 2009 exceeded the final amended budgeted expenditures at year end by 14.11%.

**Recommendation:** We recommend that the Marshal's Office familiarize itself with all aspects of the Louisiana Government Budget Act and to comply with all provisions of state law concerning budgeting.

**Management's Response:** The Marshal's Office did not adopt the 2009 budget timely; however, the Marshal's Office does know that all budgets are to be advertised and adopted before the end of the fiscal year. The Marshal's Office will comply with all provisions of state law concerning budgeting.



**Marshal's Office – City Court of Hammond**  
**Hammond, Louisiana**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2009**

Ref.#	Fiscal Year Findings Initially Occurred	Description of Findings	Corrective Action Taken	Planned Corrective Action - Partial Corrective Action Taken
<b><u>Internal Control over Financial Reporting</u></b>				
08-01	June 30, 2008	Subsidiary Ledger for the Civil Agency Fund	Partial	New software system has been implemented, but the Marshal's Office is working with the software vendor to improve the software's reporting capabilities
<b><u>Compliance and Other Matters</u></b>				
08-02	June 30, 2008	Compliance with Local Government Budget Act	Partial	The prior year compliance matter related to the amount of time between the publishing of the budget and the public hearing has been cleared. However, two new violations of the Local Government Budget Act occurred in the current year.

*Note: This schedule has been prepared by the management of the Marshal's Office – City Court of Hammond.*